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United States Supreme Court

October Term, 1970

No. 1222

IRVING J. DORFMAN COMPANY, INC.,

Petitioner,

vs.

THOMAS WILSON & COMPANY, INC.,

Respondent.

PETITION FOR WRIT OF CERTIORARI TO THE UNITED STATES COURT OF APPEALS FOR THE SECOND CIRCUIT

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IN THE

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Respondent.

PETITION FOR WRIT OF CERTIORARI TO THE UNITED STATES COURT OF APPEALS FOR THE SECOND CIRCUIT

Petitioner prays that a Writ of Certiorari be issued to the United States Court of Appeals for the Second Circuit and that the judgment entered in the above-entitled case on October 16, 1970 (A12) be reviewed.

Opinions Below

The opinion of the District Court, incorporated in its Findings of Fact and Conclusions of Law (A13), has not been officially reported although it has been reported unofficially in the United States Patent Quarterly, 154 U. S. P. Q. 236. The opinion of the Court of Appeals (A1) has not yet been officially reported although it likewise has been unofficially reported at 167 U. S. P. Q. 417.

Jurisdiction

Jurisdiction of this Court is conferred under United States Code Section 1254(1) which confers jurisdiction

to review any civil or criminal case in any of the Circuit Courts of Appeal. Since the order of the Court of Appeals for the Second Circuit was entered on October 16, 1970, this Petition for issuance of a Writ of Certiorari is being filed within ninety days of that order.

Questions Presented

1. Whether a single label or sticker bearing a claim to copyright is sufficient compliance with 17 U. S. C. 10 when applied to a roll or bolt containing approximately 125 linear yards of lace or fabric where the pattern is a repetitive one with each pattern repeat being approximately two inches wide and three inches long.

2. Whether 17 U. S. C. 101(b) makes it mandatory to award an amount equal to both the damages suffered by the copyright proprietor and the profit derived by an infringer, cumulatively without consideration of the equities involved; and if not mandatory, whether a cumulative award is proper if the total award to the copyright proprietor is substantially greater than any profits which could have been secured by anyone; was substantially greater than the actual profit made by the defendant; was substantially greater than the actual damages suffered by plaintiff and were substantially greater than any profit that plaintiff could have made without the infringement occurring and even where the innocent nature of the infringement and the inequity of the award were clearly apparent.

3. What degree of creativity and originality is required, especially in an item of commerce such as a fabric or lace whose value is not dependent solely upon the artistic appearance thereof, to support a claim to and registration of copyright with the broad monopoly granted

thereby and whether the quantum of creativity and originality in the "work of art" in respondent's copyrighted lace is sufficient to support the two different copyright registrations thereof secured by respondent.

4. Whether under the particular circumstances of this case, the award made by the District Court and affirmed by the Court of Appeals is such that it is unconscionably punitive of Petitioner and so unreasonably unjust an enrichment of the Respondent that this Court should exercise its supervisory powers to correct or annul such punitive and unjust award.

Statutory and Constitutional Provisions Involved

The Constitutional provision respecting copyright reads as follows:

> The Congress shall have power . . . To promote the Progress of Science and useful Arts, by securing for limited Times to Authors and Inventors the exclusive Right to their respective Writings and Discoveries (U. S. Constitution Art. 1, Sec. 8).

The statutes involved are the Copyright laws of the United States 17 U. S. C. Secs. 5(g); Sec. 10; and Sec. 101(b). These statutes read as follows:

> Sec. 5 Classification of works for registration.
>
> The application for registration shall specify to which of the following classes of work in which copyright is claimed belongs. • • •
>
> (g) Works of art; models or designs for works of art.
>
> Sec. 10 Publication of work with notice.
>
> Any person entitled thereto by this title may secure copyright for his work by publication thereof with

the notice of copyright required by this title; and such notice shall be affixed to each copy thereof published or offered for sale in the United States by authority of the copyright proprietor, except in the case of books seeking ad interim protection under Sec. 22 of this title.

Sec. 101 Infringement.

If any person shall infringe the copyright in any work protected under the copyright laws of the United States, such person shall be liable:

(a) Injunction. To an injunction restraining such infringement.

(b) Damages and profits; amount; other remedies. To pay to the copyright proprietor such damages as the copyright proprietor may have suffered due to the infringement, as well as all the profits which the infringer shall have made from such infringement, and in proving profits, the plaintiff shall be required to prove sales only, and the defendant shall be required to prove every element of cost which he claims, or in lieu of actual damages and profits such damages as to the Court shall appear to be just. * * *

Second. In the case of any work enumerated in Sec. 5 of this title, except a painting, statute, or sculpture, $1 for every infringing copy made or sold by or found in the possession of the infringer or his agents or employees.

Statement of the Case

This is an action for copyright infringement under Title 17 of the United States Code. The subject of the copyright is a lace design registered as a "work of art" (17

U. S. C. 5(g)). Jurisdiction in the District Court was under 28 U. S. C. 1338 and the case was tried by the United States District Court for the Southern District of New York without a jury resulting in judgments (A23) adjudging Respondent's two copyrights "in its work of art embodied in a lace design" valid and infringed by Petitioner's lace design and enjoining further infringement and (A26) awarding Respondent $84,211.54 together with costs which amount included the damages or lost profit of plaintiff of $22,593.34 plus the profits of Petitioner in the amount of $61,618.20.

Petitioner appealed from these judgments to the United States Court of Appeals for the Second Circuit. The Court of Appeals rendered its opinion on October 16, 1970, affirming the judgments of the District Court in all respects. Judgment was entered on October 16, 1970.

The Findings of Fact, Conclusions of Law and judgments of the District Court are reproduced at Appendix P. A13. The opinion of the Court of Appeals is reproduced at Appendix P. A1.

The Facts

Both Petitioner and Respondent are engaged in the business of selling textile materials and, particularly, laces. laces.

Certificates of registration of the two copyrights in suit, Nos. Gp42056 and Gp45930, were granted to Respondent on what Respondent admitted to be the same pattern for a design. The first copyright was of a lace of a pansy design embodied in an elastic "Spandex" fiber. The specimens submitted in connection with the second and later of these copyright registrations was for the same pattern but produced in a rigid nylon fiber.

The earlier of the Respondent's copyrights, Registration No. Gp42056 alleged a date of publication of February 20, 1963 and listed the author as being Robert R. Giebel, the principal officer and major stockholder of Respondent corporation. The second of Respondent's copyrights, Registration No. Gp45930 listed a date of publication of January 4, 1965 and again listed the author as being Robert R. Giebel but made absolutely no reference to any previous registration or publication although the information is specifically requested on the registration form. It was proved that Mr. Giebel was neither the author of the design nor the legal employer of the true author.

Both Petitioner and Respondent sold the lace in issue to a single customer since 1965 although Respondent had submitted samples of the lace to others in 1964. The Purchasing Director of such single customer, the Warner Bros. Company, showed an officer of Petitioner a small sample of Respondent's pattern and asked him to produce a lace "which would have look" of Respondent's lace. Such officer of Petitioner considered the lace of Respondent substantially like that manufactured by his company for a great many years, and therefore produced the lace in question and sold it to the customer.

Such officer of Petitioner never saw a copyright notice on the lace of Respondent and, as a matter of fact, neither did the Purchasing Director until a week or two before he appeared to testify on behalf of Respondent, when he testified that then *for the first time* he saw a sticker with a copyright notice upon a bolt or roll of Respondent's lace, which, by Respondent's own testimony, was sold to the customer in question in rolls or bolts of approximately 125 yards length.

Although the lace design in suit is a repetitive pattern with each repeat being approximately three inches long by two inches wide, the only notice of copyright used or

applied by Respondent was a small sticker, approximately ¾ inches by 1¾ inches which was applied at the rate of one sticker per bolt or roll of material to finished rolls or bolts which contained approximately 100 or 125 yards of lace. The testimony was quite clear that the sticker was only applied at the time of shipping so that even if more than one sticker had been applied to each roll or bolt, such stickers would have to be only at the end of the entire web or on the core if one was used. A repetitive notice was physically impossible to apply at the time of shipping. Each of the exhibits prepared by Respondent and filed in connection with this action had a similar notice applied, one sticker or label for each exhibit irrespective of the number of pattern repeats embodied in that exhibit.

In the trial court, there was no dispute as to the form of notice which was applied, it being admitted by plaintiff that all it did to attempt compliance with the notice requirement was to have "*the* copyright sticker . . ." affixed or applied to the lace. It is quite clear, since there is absolutely no contradictory testimony that this was the extent of attempted compliance. In the deposition of the Purchasing Agent for the sole customer of the lace in suit, he stated: "Two weeks ago I went down and found a roll down there and looked for it, and I saw *a* copyright on it" (emphasis added). The Trial Court specifically held that notice had been applied and that such notice was sufficient, but without specifically making a finding as to the form of notice. Even the Trial Court, however, made it quite clear that, although no specific finding of fact was directed to the actual form of notice used, he based the holding on the presence of a single sticker per roll. For example, in the Findings of Fact and Conclusions of Law, the Court stated:

> "The exhibits in evidence, plaintiff's 2 and plaintiff's 4 contain copyright notices in the name and

style of the corporate plaintiff, Thomas Wilson & Company, Inc., *in the typical appended cloth label*, at the top of which appeared the statutory type of copyright notice" (Emphasis added).

Thus, the question of proper copyright notice is a major issue in this case, but the Court of Appeals refused "to consider the substantial questions of notice."

Reasons for Granting the Writ

A Writ of Certiorari should be granted because the United States Court of Appeals for the Second Circuit has, in this case, rendered a decision in conflict with the United States Courts of Appeals for the Sixth and Ninth Circuits regarding interpretation which should be given the language of 17 U. S. C. 101(b) as to whether the elements of damages and profits should be cumulatively awarded; the Court of Appeals for the Second Circuit has decided an important question of Federal law which has not been, but which should be, settled by this Court, i. e., the quantum of creativity and originality necessary to support a copyright in a commercial item such as a lace fabric; the United States Court of Appeals for the Second Circuit has decided a Federal question in a way in conflict with applicable decisions of this Court, i.e., that a sufficient notice under 17 U. S. C. 10 consists of a single copyright sticker applied to a bolt containing 100 to 125 yards of lace of a repetitive pattern wherein each pattern repeat is approximately two inches wide by three inches long so that many thousands of copies are embodied in each bolt, which is in conflict with the expressed language of Section 10 and with decisions of this Court in *Mifflin v. R. H. White Company*, 190 U. S. 260(1903) and *Holmes v. Hurst*, 174 U. S. 82(1899) and the Second Circuit Court of Appeals has so far departed from the accepted and usual course of judicial

proceedings, or so far sanctioned such a departure by a lower Court, as to call for an exercise of this Court's power of supervision in that the award to Respondent was clearly an abuse of discretion, unduly punitive of Petitioner and constitutes an unjust enrichment of Respondent.

Petitioner's contention before this Court is that the judgment of the Court of Appeals should be reversed *in toto*, or at least modified, in the following respects:

It should be held by this Court:

1. That the quantum of creativity and originality in Respondent's "work of art", which is modest at most, is not such as will support its copyright registrations. In this connection, it is pointed out that the Court of Appeals itself was "not overwhelmed" by the creativity of Respondent in the production of its lace design.

2. That the absence of proper marking as required by Sec. 10 of the Copyright Law makes it mandatory upon this Court to invalidate the copyrights in suit. The testimony is clear to the effect, both by Petitioner and Respondent, that Respondent's lace was a repetitive pattern with each pattern repeat being approximately two inches wide by three inches long which was sold in rolls or bolts of approximately 100-125 yards and that only a single sticker with a purported copyright notice was applied to such roll or bolt, and not as required by Sec. 10 of Title 17, United States Code, which requires such notice to be affixed to each copy published or offered for sale in the United States.

3. That Sec. 101(b), providing for remedies for infringement of a copyright, does not necessarily impel the "cumulative" assessment of both damages and profits, as has been held in this case by the Court of Appeals and contrarily held by two other Courts of Appeal, e.g., by the

Sixth Circuit in 216 Fed. 2d 508 and by the Ninth Circuit in 162 F. 2d 354. Thus, there is a clear conflict of decisions as to the interpretation of the Copyright Law with respect to damages and this Court should resolve this conflict. Furthermore, the Court of Appeals in this case has awarded to Respondent both its damages and Petitioner's profits without deducting from such total award Petitioner's damages, which under all authorities, is a part of its costs. No decision on this question has been rendered by any court in the United States, and this Court should adopt the opinion of Prof. Nimmer to the effect that such damages is part of the infringer's costs.

4. That the award of damages and profits of $84,211.54 on total sales of $275,366.00 made by the District Court and Court of Appeals is so unconscionably punitive as to contravene this Court's decision in *Douglas* v. *Cunningham*, 294 U. S. 297 not to impose "penalties", wherefore this Court should exercise its power of supervision and annul such penalty, leaving Respondent with its damages on its lost sales.

Reason for Granting Writ-as to Question I

Question I presents an issue which is of recurring significance in the application of the Copyright Law which this Court has never precisely decided, and which, as a matter of fact, is one with respect to which the Register of Copyrights has indicated he would like enlightenment and guidance. The Copyright Office, while presently accepting lace design which may not have been precisely marked in pursuance of the requirement of Sec. 10 of the Copyright Law, i.e., which requires notice of copyright "to be affixed to *each copy* thereof published or offered for sale in the United States" does so only after

issuing a caveat to the registrant to the effect that a single notice per roll, bolt, or even per yard, may not be sufficient.

Further, the Copyright Office now requests, in connection with lace designs, in addition to the depositing of specimens to show the application of copyright notice, a statement from the applicant or copyright proprietor of the exact manner in which the notice is applied to the goods actually shipped or sold and whether, in fact, a copyright notice is applied to "each copy".

The Circuit Court of Appeals, as stated in its opinion (P. A5), did not "consider the substantial question of notice in the two Kolbe opinions" (*H. M. Kolbe Co.* v. *Armgus Textile Co.*, 279 Fed. 2d 355 and 315 Fed. 2d 70) and in *Peter Pan Fabrics, Inc.* v. *Martin Weiner Corp.*, 274 F. 2d 487. The statement of the Circuit Court of Appeals that "defendant should not be able to raise the point here" i.e., the question of proper notice, because it was first raised in such Circuit Court of Appeals, is simply not true. The record is clear to the effect that this point had been raised before the District Court and that the testimony of Respondent's witnesses, as well as the admission of plaintiff's counsel, is clear to the effect that the laces of Respondent were sold to Warner's in rolls or bolts of approximately 100-125 yards and that only a single sticker bearing a purported copyright notice was applied to such bolt or roll. Respondent's own witness, Capasso, testified on behalf of plaintiff that he saw only a single copyright sticker on an entire roll or bolt of Respondent's laces a week or two before he gave his testimony.

Thus, there is clear evidence in the instant case that there was a sale of thousands of yards of the laces with an inadequate copyright notice. Section 10 requires such copyright notice to be "affixed to each copy thereof pub-

lished or offered for sale in the United States by authority of the copyright proprietor", and this was clearly not done by Respondent in the application of a single sticker bearing the copyright notice to a roll or bolt of 125 yards of the lace, each yard of which contained a multitude of reproductions of the copyrighted subject matter.

Thus, the absence of proper marking as required by Section 10 of the Copyright Law makes it mandatory upon this Court to invalidate the copyrights in suit.

The granting of a writ as to this question, since a substantial question of Federal law is involved with respect to such proper copyright notice, has never been precisely decided by this Court, and, again, only its proper and authoritative resolution which only this Court can provide, can result in a meaningful enforcement of the statute.

While this Court has not decided the precise question of whether a single notice on a plurality of pattern repeats is sufficient notice to sustain a copyright registration, this Court early held that since a copyright is a right created by statute, strict compliance with that statute is a necessary prerequisite to the creation of the right.

This Court has specifically held, moreover, that the result of the failure to use the notice on published copies or a mistake in its form or position is to forfeit copyright protection altogether and to throw the work into the public domain. *Mifflin* v. *R. H. White Co.*, 190 U. S. 260 (1903) and *Holmes* v. *Hurst*, 174 U. S. 82 (1899).

The Second Circuit Court of Appeals, however, has steadily deviated further and further from the express mandate of Congress and the holdings of this Court, by ignoring substantial questions of notice and upholding monopolies, copyrights and claims to infringement upon the slightest excuse even though, as this Court stated in *Kellogg* v. *National Biscuit Co.*, 305 U. S. 111, 122, 59

S. Ct. 109, 115, 83 L. Ed. 73, rehearing denied, 375 U. S. 674, 59 S. Ct. 246, 247, 53 L. Ed. 437 (1938): "Sharing in the goodwill of an unprotected article * * * in the exercise of a right possessed by all—and in the free exercise of which the consuming public is deeply interested."

Reasons for Granting Writ as to Question II

Question II presents an issue of conflict between the United States Court of Appeals for the Second Circuit and the United States Courts of Appeals for the Sixth and Ninth Circuits regarding the application of the Copyright Statute Section 101(b) providing for remedies for infringement of a copyright.

Question II presents a corollary issue as to the propriety of the Court of Appeals in this case having awarded to Respondent both its damages and Petitioner's profits without deducting from such total award the Petitioner's damages which, in the opinion of Prof. Nimmer, should have been allowed as part of the infringer's costs. No decision on this question has ever been rendered by any court in the United States, and it is respectfully submitted that this Court should decide the substantial question of Federal law and affirm the opinion of Prof. Nimmer to the effect that such damages constitute a part of the infringer's costs and should therefore have been deducted from the total award made to Petitioner.

The Court of Appeals for the Second Circuit in this case, in spite of all of the alleviating circumstances which should have been taken into consideration with regard to Petitioner's innocence in infringing the copyrights, has awarded a total of $84,211.54 on sales by Petitioner of laces to its single customer at a total price of $275,366.80. The District Court and the Court of Appeals arrived at this award by the application of the "cumulative" assess-

ment of both damages and profits. The Court of Appeals for the Second Circuit has referred to its previous decision in *Peter Pan Fabrics, Inc.* v. *Jobela Fabrics, Inc.*, 329 F. 2d 194 and reiterated its acceptance of "the harsher cumulative rule" specifically indicating that it relied on the rationale that it is "designed to discourage wrongful conduct." The Court of Appeals admits that this interpretation of Section 101(b) has been criticized, citing Nimmer Copyright Section 154.13 at 682-83 (1969) and, Comment, Joint and Several Liability for Copyright Infringement: A New Look at Section 101(b) of the Copyright Act, 32 U. Chic. L. Rev. 98 107-109 (1969). The Court failed, however, to point out in its opinion that there are at least two conflicting decisions by United States Courts of Appeals on the question of the harsher "cumulative" rule.

There are at least two cases by other Courts of Appeal holding to the contrary. The first of these is in the Sixth Circuit, *Weir* v. *Gordon*, 216 F. 2d 508, in which the Court affirmed the judgment of the District Court 111 F. Supp. 117, in action for copyright infringement, to the effect that "Under the statute plaintiff is, therefore, entitled to recover for each infringement either actual damages or profits of the defendant or defendants, by reason of the infringement, whichever is greater", pointing out that the Supreme Court in *Sheldon* v. *Metro-Goldwyn Corp.*, 309 U. S. 390, 400, 60 S. Ct. 681, "expressed the view that Congress intended application of the same principles in copyright as in patent cases with respect to recovery of profits." At least by dicta, it approves interpretation placed by courts on the language that "a patent owner may have such damages as well as profits which the infringer shall have made" to mean that the patent owner, and hence the copyright owner, might have one or the other, whichever was the greater." The Court of Appeals of the Sixth Circuit, therefore, in affirming the District

Court's opinion approved this interpretation of the ruling by this Court in *Sheldon v. Metro-Goldwyn Corp.* to the effect that Section 101(b) should be interpreted, not as providing for the "cumulative" assessment of both damages and profits, but only one or the other.

To the same effect is *Universal Pictures Co., Inc. et al. v. Harold Lloyd Corporation*, 162 F. 2d 354, decided by the Circuit Court of Appeals for the Ninth Circuit. In that action the damages awarded for infringement of copyright of a motion picture photoplay exceeded defendant's profits, and the Court held that it was justified in awarding damages alone. While in this case the award of profits is greater than the award of damages, the Circuit Court of Appeals for the Sixth Circuit clearly held that the provision in Section 101(b) should not be "cumulative" by the assessment of both damages and profits.

In the instant case, the damages of Respondent are clear since both sold to the same customer, and the District Court repeatedly held that Respondent's lost profits were easily ascertainable by the amount that it would have made if it had sold to the customer the same yardage of laces at its profit of 11c per yard. The figure of $22,593.34 representing the lost profit on sales plaintiff would have made to Warner in the absence of the infringement is therefore the clear measure of Respondent's damages and any excess award to Respondent would be clearly punitive and an unconscionable enrichment of Respondent.

Coming now to the corollary to Question II, even if the cumulative and clearly harsher rule were applied, both the District Court and the Court of Appeals for the Second Circuit were clearly in error in not deducting from the total award the item of $22,593.34 representing the lost profit on sales Respondent would have made to Warner in the absence of infringement from the total award of $84,211.54.

Clearly, as stated by Prof. Nimmer (Sec. 152, Page 662), "If the damages do not exceed profits, then by awarding both damages and 'profits' (with a damages deduction) the measure of recovery would be the same as if only profits (without any damages deduction) were awarded." This statement was made by Prof. Nimmer in sequence of the following:

> It has been suggested that this ambiguity (with respect to cumulative damages and profits) might be resolved by treating the payment of damages as a cost properly deductible by the defendant in computing its profits. In this way both the literal language of the Copyright Act and the contradictory legislative intent could be observed and the sometimes unjust double recovery would be avoided. Thus, recovery of both damages and 'profits' would be allowed, but to the extent damages exceed profits (computed without deducting the damages) there would be no 'profits' upon which to base a recovery in excess of the damages.

Further, in his treatise Prof. Nimmer (Sec. 152, P. 669) states that "the plaintiff's damages may be said to equal the profits which plaintiff might have accrued but for defendant's infringement." Clearly, however, at least this author believes that an award of both damages by lost sales, and in addition thereto, the profits made by the infringer would be wholly inequitable.

In the instant case, the actual damages for infringement of the copyrights was clearly defined, and this at most should have been the extent of the recovery by Respondent from Petitioner.

In *Sheldon v. Metro-Goldwyn Pictures Corp.*, 309 U. S. 390, the District Court made an award to the plaintiff of all of the profits of the defendant from a motion picture

which deliberately plagiarized plaintiff's play. In its analysis of copyright damages under Section 101(b) (at that time numbered Section 25 (b)), the Court had the following to say with respect to the provision for the recovery of the infringer's profits: This provision in purpose is cognate to that for the recovery of "such damages as the copyright proprietor may have suffered due to the infringement".

Further on in the opinion (309 U. S. 400), the Court quoted the committee reports with respect to the original Copyright Act, and particularly with respect to Section 25(b), the predecessor in exact verbiage of Section 101(b):

> "Section 25 deals with the matter of civil remedies for infringement of a copyright * * *. The provision that the copyright proprietor may have such damages as well as the profits which the infringer shall have made is substantially the same provision found in Section 4921 of the Revised Statutes relating to remedies for the infringement of patents. The courts *have usually construed that to mean that the owner of the patent might have one or the other, whichever was the greater.* As such a provision was found both in the trademark and patent laws, the committee felt that it might be properly included in the copyright law" (Emphasis added).

In *F. W. Woolworth Co. v. Contemporary Arts*, 344 U. S. 228 the Supreme Court was considering "in lieu" damages. Nevertheless, the language in the decision of this Court in the *Woolworth* case is aptly pertinent to the present case. The Supreme Court, in quoting from its prior decision in *Douglas v. Cunningham*, 294 U. S. 207, 209, said:

> "The phraseology of the Section was adopted to avoid the strictness of construction incident to a

> law imposing penalties and to give the owner of a copyright some recompense for injury done him in a case where the rules of law render difficult or impossible proof of damages or discovery of profits."

The Court went on to say:

> "In other words, the Court's conception of what is just in a particular case considering the nature of the copyright, the circumstances of the infringement and the like, is made the measure of the damages to be paid, but with the expressed qualification that in every case the assessment must be within the prescribed limitations, that is to say, neither more than the maximum nor less than the minimum."

In the instant case, this language is aptly pertinent, particularly the language "considering the nature of the copyright, the circumstances, the infringement and the like."

Here, as has been pointed out, defendant was firmly convinced that it had the right to make and sell its lace to the same customer that plaintiff sold its lace, predicated wholly upon its prior sale of substantially similar laces over a period of some thirty years. Thus, and with the Court's continued references throughout the trial to defendant's honesty and veracity, it should have considered what was just in the particular case, and without imposing the severe penalties upon defendant-appellant that it has by the assessment of some $85,000.00 on total sales of $275,000, which is clearly again characterized as unconscionably punitive of defendant-appellant and an unjust and unreasonable enrichment of the plaintiff-appellee.

The assessment of $61,618.20 profits on total sales of $275,368.00 comes to nearly twenty-five per cent, a profit figure that this Court can well find improbable in any industry and certainly, the lace industry.

If the award of $22,593 of lost profits is added, the recovery by plaintiff-appellee is even more fantastic, coming to over 30 percent of defendant-appellant's total sales.

In *Douglas v. Cunningham*, this Court referred to the phraseology of the Section as having been adopted "to avoid the strictness of construction incident to a law imposing penalties." Clearly, in the instant case the award of both damages by way of lost sales and the recovery of all of Petitioner's profits is precisely the imposition of such "penalties" which were sought to be avoided by the strictness of construction of the Statute. Thus, with respect to Question II, first an issue of recurring significance regarding the scope and application of Section 10 of the Copyright Law has been presented which has never been decided by this Court, and second, such issue as to the "cumulative" provisions of Section 10 presents a clear conflict between decisions of the Second, Sixth and Ninth Circuit Courts of Appeal which should properly and authoritatively be resolved by this Court so as to provide a meaningful enforcement of the Statute.

Reason for Granting Writ as to Question III

Question III also presents an issue of recurring significance in the field of copyright law regarding the quantum of creativity and originality in a "work of art" which is required to support a copyright.

It is recognized that copyrights on floral designs or lace patterns are not unknown; also that there is no requirement of originality in the creative sense in the copyright statute, as there is in the patent statute.

However, the Copyright Act 17 U. S. C. Section 4 does provide that "The works for which copyright may be secured—shall include all the writings of an author." This can only mean "the original" or "the creative" writings. For instance, mere compilations and even re-arrangements of old subjects have been held not subject to a copyright. Here we have no more than the re-arrangement of floral designs, themselves old, as shown by Petitioner's own old laces.

The requirement of originality, as distinguished from novelty, as stated by *Nimmer on Copyright* is a statutory as well as Constitutional requirement (Section 10, P. 31).

> * * * it is well to consider the one pervading element prerequisite to copyright protection regardless of the form of the work. That is, the requirement that the work be the original product of the copyright claimant or of his predecessor in interest. The Copyright Act nowhere expressly invokes the requirement of originality. However, the courts have uniformly inferred the requirement upon the fact that copyright protection may only be claimed by "authors" or their successors in interest. It is reasoned that since the author is "the beginner . . . or first mover of anything . . . creator, originator" it follows that a work is not the product of an author unless the work is original.

In the instant case, the Court, to which the present writ of certiorari is requested to be granted, in *Chamberlin v. Uris Sales Corporation*, 150 Fed. 2d 512, has held that the Constitutional power to grant monopolies or exclusive franchises to authors whose works promote the progress of science and the useful arts does not authorize such a monopoly grant to one whose product lacks all creative originality.

As stated by the Court:

> "For, as the Constitutional power to enact the Copyright Act 17 U. S. C. (A) Section 1 *et seq.*, derives from Article I, Section 8, that Act would be void if it went beyond granting monopolies (or exclusive franchises) to authors whose works 'promote the progress of science and the useful arts.' Obviously, the Constitution does not authorize such a monopoly grant to one whose product lacks all creative originality."

The Court then held plaintiff's drawing of a board could not be the subject of a valid copyright.

In the instant case, the copyrights are for the representation of a conventional flower, in a lace.

Thus, we have authority by the very Circuit Court of Appeals to which certiorari is requested holding that originality or creativity is necessary to support a copyright.

The copyright involved in the instant case is one under Section 5(g) of the Copyright Act, as a "work of art". As stated by Nimmer, Section 19.4 P. 92, a model or design for a work of art, which is registered under Section 5(g) "is subject to the requirements of creativity and originality."

It is respectfully submitted that this Court has never decided this important issue of recurring significance in the application of the copyrght laws as to the quantum of creativity and originality in a "work of art", which is necessary to support a copyright registration. In this connection, it is again respectfully pointed out that the Court of Appeals itself was "not overwhelmed" by the creativity of Respondent in the production of its lace design, and that this substantial question of Federal law, which has never been decided by this Court, should be

properly and authoritatively resolved, which only this Court can do. This is the only way in which a meaningful enforcement of the Statute can result.

That courts, including even District Courts, need guidance in respect of this question of the "minimal degree of creativity required of a work of art", is clearly demonstrated by the report of the Register of Copyrights, 1969, in which this problem is posed, the Register pointing out that while some decisions recently rendered upheld such copyrights.

> "On the other hand, there were two significant opinions dealing with works held not to be subject to statutory copyright protection. An architectural casting that consisted of a filigree pattern 'formed entirely of intercepting straight lines and arc lines' was held not to possess the 'minimal degree of creativity "required of a work of art" ', in the case of *Tennessee Fabricating Co. v. Moultrie Mfg. Co.*, 159 U. S. P. Q. 363 (M. D. Ga. 1968). An 'artificial flower model' consisting of a standard shape of flower pot from which rose a stem topped by a flower, below which were two leaves and a bow, was held on a motion for preliminary injunction to show no more than 'an aggregation of well known components' that comprise an 'unoriginal whole', in *Florabelle Flowers, Inc. v. Joseph Markovits Inc.*, 296 F. Supp. 304 (S. D. N. Y. 1968)."

Reason for Granting Writ as to Question IV

It is respectfully submitted that the award of damages and profits of $84,211.54 on total sales of $275,366.00 made by the District Court and Court of Appeals is so unconscionably punitive of Petitioner and so unreasonably unjust an enrichment of the Respondent as to impose "penalties"

in contravention of this Court's decision in *Douglas v. Cunningham* and as to indicate that the Court of Appeals has so far departed from the accepted and usual "course of judicial proceedings" as to call for an exercise of this Court's power of supervision under Rule 19(b) of the Rules of this Court.

Conclusion

The substantial questions of Federal law involved in this case have never been decided by this Court. Likewise, the issue of conflict between the decisions of the Second, Sixth and Ninth Circuit Courts of Appeal as heretofore pointed out with respect to the interpretation of the Copyright Law Section 101(b) requires a proper and authoritative resolution which only this Court can provide so as to result in a meaningful enrichment of the Statute. Petition for certiorari should be granted.

Respectfully submitted,

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Opinion of United States Court of Appeals for the Second Circuit

Before:

LUMBARD, *Chief Judge*,
ANDERSON and FEINBERG, *Circuit Judges*.

FEINBERG, *Circuit Judge*:

After a non-jury trial of this copyright infringement action in the United States District Court for the Southern District of New York before Harold R. Tyler, Jr., J., Thomas Wilson & Company, Inc. obtained injunctive relief against Irving J. Dorfman Company, Inc., and a damage award of $84,211.54. Dorfman claims on appeal that the trial judge erred both in holding it liable and in computing damages. For reasons given below, we reject these arguments and affirm.

Plaintiff Wilson is a manufacturer of lace for use in ladies' lingerie. Defendant Dorfman sells the same product, although it is a jobber, engaging contractors to make the goods it sells. In 1964, plaintiff obtained a copyright on a pansy lace design first embodied in an elastic "spandex" fiber. The next year, plaintiff secured a second copyright on an adaptation of this design in a rigid nylon fiber. This nylon pattern was purchased in substantial quantities by a single customer, The Warner Brothers Company. Not long after plaintiff began selling lace of this design to Warner, the latter's Purchasing Director suggested to defendant's vice president that it produce a lace "which would have the look" of plaintiff's design, and gave defendant a sample of plaintiff's lace from which to work. Defendant was asked to produce the lace on a so-called "Raschel" lace machine, a cheaper method than using the "Leavers"

type machine plaintiff used. Defendant complied with the request, obtaining a contractor which produced for it what Judge Tyler called "a simply marvelous job in [making] . . . a very close copy of the plaintiff's" design. Warner apparently agreed with this characterization, for it purchased from Dorfman 205,394 yards of the copy of plaintiff's lace at a total price of $275,366. These sales are the subject of the lawsuit.

The case, therefore, is an unusual one. There is no question of access; the fact of copying is now clear. Although the computation of damages is attacked on appeal, we do not have the more obvious problems on damage. Plaintiff's lost sales and defendant's infringing sales coincide. Plaintiff sold its design exclusively to Warner once it began selling to it, and similarly defendant sold its infringing pattern only to Warner. Therefore, it is plain that what Warner purchased from defendant, Warner would have bought from plaintiff had defendant not infringed. However, there are other damage questions raised before us as well as fundamental issues going to the validity of the copyrights and the conduct of the trial. To the latter we now turn.

I.

Defendant claims that either or both of plaintiff's copyrights are invalid for a number of reasons, principally lack of creativity and defective notice of copyright. As to the former concept, neither the Constitution nor the Copyright Act refers to originality in the creative sense. 17 U.S.C. § 4 provides that:

> The works for which copyright may be secured . . . shall include all the writings of an author.

This spare, yet inclusive, language tracks the constitutional provision, Article I, section 8. 17 U.S.C. §5 lists some of the classes of work that are embodied within the flexible concept of "writings." Among them are "works of art, models or designs for works of art"[1] the category in which copyright was claimed and obtained in this case. Therefore, in sharp contrast to a patent, *cf.* 35 U.S.C. §§101, 103, the requirement of originality in the creative sense does not appear in the statute.

Moreover, the required creativity for copyright is modest at best. It has been variously described as "little more than a prohibition of actual copying"[2] or something more than a "merely trivial" variation,[3] or "enough" if it be the author's own, "no matter how poor artistically." *Alfred Bell & Co. v. Catalda Fine Arts*, 191 F.2d 99, 103 (2d Cir. 1951). Plaintiff's pansy design was created by its own staff. The configuration of the design, including such details as petals and leaves, required an appreciable amount of creative skill and judgment. Copyright protection for floral design is not unknown. See *H. M. Kolbe Co. v. Armgus Textile Co.*, 279 F.2d 555 (2d Cir. 1960), 315 F.2d 70 (2d Cir. 1963); *Peter Pan Fabrics, Inc. v. Candy Frocks, Inc.*, 187 F. Supp. 334 (S.D.N.Y. 1960); cf. *Prestige Floral, S.A. v. California Flower Co.*, 201 F. Supp. 287, 291 (S.D.N.Y. 1962). While plaintiff's lace design is not what the phrase "work of art" ordinarily calls to mind, it possesses more than the "faint trace" of

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[1] 17 U.S.C. §5(g).

[2] *Hoague-Sprague Corp. v. Franc C. Meyer, Inc.*, 31 F.2d 583, 586 (E.D.N.Y. 1929).

[3] *Chamberlin v. Uris Sales Corp.*, 150 F.2d 512, 513 (2d Cir. 1945).

originality required. See *Dan Kasoff, Inc. v. Novelty Jewelry Co.*, 309 F.2d 745, 746 (2d Cir. 1962).[1]

Defendant also offers other reasons why plaintiff should be barred from enforcing its copyrights, principally plaintiff's alleged failure to comply with the notice provisions of 17 U.S.C. § 10. As to that, defendant makes two arguments in this court: first, that plaintiff distributed significant amounts of lace without any copyright notice at all, and second, that the notice on some lace was insufficient. As to the former claim, Judge Tyler flatly ruled against defendant, and the judge's findings was not clearly erroneous. As to the latter, relying on *H. M. Kolbe Co. v. Armgus Textile Co.*, *supra*, defendant tells us that a single copyright notice sticker for a bolt of 125 yards of the lace design was insufficient. Assuming arguendo that to be so, we do not know whether plaintiff sold its lace design in that way; certainly the judge made no such finding. At trial, plaintiff proved ownership of a validly issued copyright and defendant's copying, which alone established a prima facie case of infringement under the statute. *Stuff v. E. C. Publications, Inc.*, 342 F.2d 143 (2d Cir.), cert. denied, 382 U.S. 822 (1965). Plaintiff also introduced evidence showing prima facie compliance with the notice requirements of the copyright law. Thereafter, the burden of establishing that plaintiff labelled and shipped its lace with insufficient notice rested on defendant. Defendant offered little evidence on this precise

[1] Defendant relies on the refusal of Judge Frankel to grant a preliminary injunction in May 1967. While the judge was not overwhelmed by "the creative activity" embodied in plaintiff's design — nor are we — he did not decide whether the material was copyrightable. The preliminary injunction was denied for other reasons, principally the presence of sharply contested issues of fact, plaintiff's delay in seeking preliminary relief, and the adequacy of its damage remedy. 268 F. Supp. 711.

issue and failed to meet that burden, apparently because it did not press the point before Judge Tyler. Indeed, plaintiff's attempt early in the case to amplify the record with regard to its compliance with the notice provisions was stopped by the judge after defendant's objection, apparently on the theory that it was not yet relevant to a defense "real or possible." Under these circumstances, defendant should not be able to raise the point here.[5] Therefore, it is unnecessary to consider the substantial questions of notice discussed in the two *Kolbe* opinions[6] and in *Peter Pan Fabrics, Inc.* v. *Martin Weiner Corp.*, 274 F.2d 487 (2d Cir. 1960). See Ehrlich, Copyright of Textile Designs—Clarity and Confusion in the Second Circuit, 59 Mich. L. Rev. 1043 (1961).

Defendant also claims that the applications for copyright were deficient because in both applications the president of plaintiff corporation instead of the corporation was named as the "author,"[7] and the application for the second copyright failed to refer to the first. The former error was minor, was made in good faith, and could not have affected the action taken by the Copyright Office. *Pantone, Inc.* v. *A. I. Friedman, Inc.*, 294 F. Supp. 545, 551 (S.D.N.Y. 1968). The second was potentially more

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[5] Defendant claims that plaintiff's counsel "admitted in its brief" (at p. 14) in this court that plaintiff applied only one copyright sticker to a bolt of 125 yards of lace. Assuming arguendo that the record on appeal could be thus belatedly expanded, we do not read plaintiff's brief as making such an admission.

[6] 279 F.2d 555 (2d Cir. 1960) (affirming preliminary injunction), 315 F.2d 70 (2d Cir. 1963) (affirming final injunction). This litigation terminated in a damage award which was affirmed in open court. *H. M. Kolbe Co.* v. *Armgus Textile Co.*, No. 28086 (2d Cir. Apr. 24, 1964).

[7] Under 17 U.S.C. §26, "the word 'author' shall include an employer in the case of works made for hire."

serious since it is arguable that if the material for which successive copyrights are sought is identical, this is an attempt to obtain an unjustifiable extension of copyright monopoly. However, there is no indication that plaintiff so intended here; the omission was clearly innocent. The great bulk of defendant's infringing sales came after it was served with plaintiff's complaint, which certainly put it on notice at least of the second copyright, which covered the same design as the first, although for a different material. Under these circumstances, we do not believe that plaintiff should be denied the protection of its copyright. Cf. *Davis v. DuPont de Nemours & Co.*, 240 F. Supp. 612, 624-26 (S.D.N.Y. 1965); *Wrench v. Universal Pictures, Inc.*, 104 F. Supp. 374, 379 (S.D.N.Y. 1952).

Defendant also argues that Judge Tyler improperly allowed plaintiff to amend the pleadings and the pre-trial order to include a claim of infringement of the first copyright, which covered the spandex version of the design. Defendant claims prejudice because of plaintiff's failure to sue originally on the first copyright as well as on the second. The alleged "prejudice" is that defendant "may well have been advised by its counsel" to stop manufacturing the infringing lace, apparently because defendant "had depended upon such first-issued copyright as invalidating the second-issued copyright."[*] However, we doubt that the possibility of guessing wrong as to the validity of a known copyright is relevant "prejudice." In any event, the judge's ruling allowing the amendments was clearly within his discretion. Moreover, at trial defendant's counsel explicitly withdrew his earlier objection. We have considered defendant's other arguments on the liability phase of the case and consider them without merit.

[*] Brief for Appellant at 12.

II.

We turn now to damages, which are attacked on a number of counts. As indicated, the judge awarded plaintiff $84,211.54, together with costs, but denied attorneys fees. This figure was the total of two items: $22,593.34, representing the lost profit on sales plaintiff would have made to Warner in the absence of the infringement, and $61,618.20, representing the profit made by defendant on its sales to Warner. Appellant complains that this award was improper under the statute and the court's own order, that the sum was based upon "weird and clearly erroneous calculations," and that it was "unconscionably punitive." Defendant's adjectives are exaggerated, but the total award of over $84,000 is high enough to make defendant's protest understandable. However, after the careful examination called for by this award, we find that the trial judge had ample basis for his action and that his award was not improper.

The statutory point depends upon a construction of 17 U.S.C. §101(b), which provides that a copyright infringer shall be liable:

> To pay to the copyright proprietor such damages as the copyright proprietor may have suffered due to the infringement, *as well as* all the profits which the infringer shall have made from such infringement, and in proving profits the plaintiff shall be required to prove sales only, and the defendant shall be required to prove every element of cost which he claims, or in lieu of actual damages *and* profits, such damages as to the court shall appear to be just . . . . [Emphasis added.]

Thus, the statute twice refers to a cumulative award of the proprietor's damages *and* the infringer's profits. De-

spite this, defendant argues that only plaintiff's damages ($22,593.34 lost profits on lost sales) or defendant's profits ($61,618.20 on infringing sales) but not both should have been awarded. While the statute seems clear, defendant's argument is not frivolous and finds support in a portion of the legislative history.[9] However, in *Peter Pan Fabrics, Inc.* v. *Jobela Fabrics, Inc.*, 329 F.2d 194 (2d Cir. 1964), we squarely faced the issue and thoroughly canvassed the authorities. In accepting the harsher "cumulative" rule, we specifically relied on the rationale that it is "designed to discourage wrongful conduct," quoting that language from *F. W. Woolworth Co.* v. *Contemporary Arts, Inc.*, 344 U.S. 228, 233 (1952). This interpretation of section 101(b) has been criticized,[10] as well as supported,[11] but we assumed its continuing validity only last term. *Alouf* v. *Expansion Products, Inc.*, 417 F.2d 767 (2d Cir. 1969). Of course, whether the rule is, or can be, too harsh, as defendant asserts, is arguable; when the same customer is involved, as here, in both plaintiff's lost sales and defendant's infringing sales, objection to the rule is at its strongest. But the Congress is not unaware of the problem, since proposals to modify this aspect of the statute have been pending there for some time.[12] In any event, we be-

[9] H.R. Rep. No. 2222, 60th Cong., 2d Sess. 15 (1909).

[10] Nimmer, Copyright §154.13 at 682-83 (1969); Comment, Joint and Several Liability for Copyright Infringement: A New Look at Section 101(b) of the Copyright Act, 32 U. Chi. L. Rev. 98, 107-109 (1969).

[11] Amdur, Copyright Law and Practice 1117 (1936).

[12] See, e.g., H.R. 2512, 90th Cong., 1st Sess. (1967); S. 543, 91st Cong., 1st Sess. (1969). See also Copyright Law Revision, Report of the Register of Copyrights on the General Revision of the U. S. Copyright Law 107, printed for the use of the House Committee on the Judiciary, 87th Cong., 1st Sess. (Comm. Print 1961); Comment, Monetary Recovery Under the Copyright Patent and Trademark Acts, 45 Texas L. Rev. 953, 961-64 (1968).

lieve that even on these facts the rationale of *Jobela* commits us. Since our examination of the rule has been so recent, we decline to reconsider it and will continue to abide by it.

Accordingly, Judge Tyler could award both items of damage, as he did. Defendant also claims that the judge erred because he was compelled to award statutory damages "in lieu" of actual damages and profits. This is simply an incorrect statement of the law. Putting to one side whether the judge could ignore adequate proof of both damages and profits, at the very least he had discretion on whether to resort to the "in lieu" damage provision. See *Woolworth*, *supra*, 344 U.S. at 232-33.

The real question on damages is whether the proof was sufficient to support the court's calculations, or whether the latter were really "weird," as defendant asserts. This aspect of defendant's attack focuses entirely on the finding that its profit on sales of the infringed pattern amounted to $61,618.20. Defendant apparently agrees, at least in this court, that plaintiff's profit or lost sales would have been $22,593.34. The figure of $61,618.20 was calculated by taking defendant's average selling price of $1.34 per yard, and subtracting therefrom the highest direct cost incurred by defendant, about 98¢ per yard, as well as allocable indirect costs of five cents per yard. This showed a total cost of $1.04 per yard, yielding a net profit of 30¢ per yard. The total number of yards, 205,394, multiplied by 30¢ produced the net profit of $61,618.20.

Defendant contends that the 30¢ per yard profit did not apply to years other than 1966, that even for that year the average selling price was $1.25, not $1.34, and that certain other indirect costs and direct costs should have been included in the computation. It is true that a comparison of profit margins used by Judge Tyler on what

presumably would have been sales of the same product is a little startling: 11¢ per yard for plaintiff and 30¢ per yard for defendant. This may have been due in some part to a greater expenditure by plaintiff for advertising its products; a copier need obviously invest less in that area. Perhaps the difference in net profit was due to inadequate proof of defendant's costs. If so, defendant is in no position to complain of that now. Under the statutory presumption quoted above, 17 U.S.C. §101(b), in order to recover defendant's profits plaintiff had only to prove defendant's sales; the burden of proving "every element of cost" which defendant claimed was upon it. The presumption was specifically called to the attention of defendant's counsel at the trial, two weeks before the evidence as to defendant's costs was presented. Therefore, any omissions from the record of items of defendant's costs should have been supplied by it.

If we thought that defendant had been treated unfairly in putting on its case, we would view the matter differently. But there was a ten-day interval between the order determining liability and the hearing on damages, and plaintiff indicated that it was seeking the profits on defendant's sales as well as plaintiff's own lost profits. Defendant claims that Judge Tyler had indicated that the damage hearing would be confined to the latter item only. There is some support for this in the record but when defendant was disabused of this notion, it did not ask for an adjournment; nor did it seek thereafter to reopen the record. In view of the clear statement by plaintiff's counsel at the damage hearing that it was relying on section 101(b), to recover both damages and profits, there simply could not have been any further justifiable surprise. While the damages are high, they were not intended to be "puni-

tive." In fact, the judge denied attorneys fees to plaintiff for exactly that reason. Moreover, in light of evidence showing that defendant's direct costs varied from approximately 98¢ per yard to 82¢ per yard, use of the highest cost figure in computing defendant's profits might even be characterized as "conservative." Nor is the result "unconscionable" in view of the clear evidence of copying.[13] Accordingly, since all of the figures used by the court are supported by the record, no reversible error was committed.

The orders appealed from are affirmed.

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[13] Plaintiff's counsel aptly characterized Warner's instruction to defendant Dorfman as "make it for me the same but different."

Order of the United States Court of Appeals for the Second Circuit, October 16, 1970

UNITED STATES COURT OF APPEALS

FOR THE
SECOND CIRCUIT

At a stated term of the United States Court of Appeals, in and for the Second Circuit, held at the United States Courthouse in the City of New York, on the sixteenth day of October one thousand nine hundred and seventy.

Present:

HON. J. EDWARD LUMBARD,
Chief Judge
HON. ROBERT P. ANDERSON,
HON. WILFRED FEINBERG,
Circuit Judges

65 Civ. 3514

THOMAS WILSON & CO., INC.,
Plaintiff-Appellee,

v.

IRVING J. DORFMAN COMPANY, INC.,
Defendant-Appellant.

Appeal from the United States District Court for the Southern District of New York.

This cause came on to be heard on the transcript of record from the United States District Court for the Southern District of New York, and was argued by counsel.

On Consideration Whereof, it is now ordered, adjudged, and decreed that the judgment of said District Court be and it hereby is affirmed with costs to be taxed against the appellant.

A. DANIEL FUSARO
Clerk

Judgment Entered 11/16/70

S/G JOHN LIVINGSTON
Clerk

Findings of Fact and Conclusions of Law

* * *

This court proposes to set forth its findings and conclusions, as required by the Federal Rules of Civil Procedure, after this case was tried before me without a jury on March 4th and 5th, 1970.

The plaintiff in this case, is of course, a New York firm which has been engaged in the business for many years of designing and producing and selling lace, particularly for use in the manufacture of what are sometimes called ladies' foundation garments. The defendant, similarly, is an old line lace firm here in New York, which though, apparently does not and has not had during all the relevant times for the purposes of our case a plant or manufacturing arm but, nevertheless, has been engaged in the sale and also the design of laces, some of which, at least, have been sold over the years at significant levels to the foundation garment segment of the garment industry.

In October or November of 1963 a young man named John Falon with the more professional and pointed assistance of a professional designer, Peter Ledger, designed the lace or pattern which we have come to know in this case as the Wilson pattern, which has its manifestation particularly in two exhibits in evidence, Plaintiff's 2 and Plaintiff's 4.

Plaintiff's 2 is the so-called stretch lace pattern, known by plaintiff's style number 6471. Plaintiff's 4 is the somewhat later work, known as 6493.

Plaintiff secured a copyright certificate for style number 6471 as a class G copyright or work of art and received from the Register certificate number GP42056.

After the application was received on April 24, 1964, the following year, another application was submitted on

behalf of plaintiff, on February 10, 1965, and resulted in certificate number GP45930 being issued by the Register's office. This latter certificate, of course, refers to plaintiff's style number 6493, the so-called rigid lace design.

In each case the author or artist is stated to be one, Robert R. Giebel, whom I find from the proof to have been in 1964 and 1965, at least, the principal executive officer of the plaintiff corporation and a substantial stockholder thereof.

The exhibits in evidence, Plaintiff's 2 and Plaintiff's 4 contain copyright notices in the name and style of the corporate plaintiff, Thomas Wilson & Company, Inc. in the typical appended cloth label, at the top of which appears the statutory type of copyright notice.

For some years prior to the spring of 1965 the plaintiff had apparently had some occasional business relationship with Warner Bros. Company, a manufacturer and distributor of various garments, most particularly ladies' foundation garments, and there came a time in 1964 when plaintiff was furnishing to Warner Brothers Company in Bridgeport certain of its lace, number 6493 style for use in what was advertised by Warner Brothers as The Young Thing line. By that I mean specifically, Warner Brothers apparently advertised in all the proper feminine publications various undergarments known as The Young Thing line, which, in turn, incorporated lace of the style manufactured by plaintiff company under the number 6493.

I further determine that in the spring of 1965 Jerome Dorfman, a vice president of defendant corporation, was making one of his frequent business visits to the Warner Brothers office in Bridgeport, there having been a long

standing commercial relationship between Warner Brothers and defendant corporation for many years, which meant, among other things, that Dorfman, as I recall his testimony, made regular weekly trips, indeed, two trips almost per week, in connection with the commercial dealings of those two firms.

At this meeting in Bridgeport, attended by Jerome Dorfman and a Mr. Capasso, who at that time was the purchasing director of Warner Brothers, along with two other representatives of Warner Brothers, a conversation was had in which, in substance, the Warner Brothers representative asked Dorfman if his firm could substantially reproduce, not on a Leavers type machine, but on a Raschel machine, and thus at a cheaper rate, a lace pattern substantially the same as the pattern which we know as Plaintiff's 4 in evidence, or plaintiff's style number 6493.

At that time Dorfman was furnished by the Warner Brothers representatives with several samples of what I will call the Wilson lace, and, indeed, a bolt of plaintiff Wilson's 6493 style or pattern.

He took one or more of these samples with him, returned to New York, discussed the matter with his father, at which time his father advanced the opinion, if I recall Dorfman's testimony, that this style or pattern looked something like some old laces which the Dorfman Company had handled many years ago, even as far back as prior to World War II.

In any case, I specifically find that Dorfman then got in touch with a man named Gustave Gerstel, who is an important figure in a company known as Glamor. Glamor from time to time assisted in coming up with designs for

the Dorfman Company and manufacturing certain laces with these designs at Dorfman's order.

I determine that Jerome Dorfman gave to Gerstel a sample of the Wilson 6493 style lace and that he asked him, in words and substance, to reproduce a lace that looked just like the Wilson lace. I find, after appraising all of the evidence in the case, not only testimonial, but those laces which are in evidence, that Mr. Gustave Gerstel did a simply marvelous job in doing what he was told, he did make what I regard as a very close copy of the plaintiff's 6493 style, in particular.

It appears thereafter that Glamor people for a time manufactured this lace as designed by Gerstel at the order of Dorfman, until the plaintiff gave notice to the Glamor Company that this was an infringement of the plaintiff's copyrighted styles, at which point, apparently, Glamor ceased manufacturing at the order of Dorfman, but Dorfman then got another manufacturer so that they, Dorfman, could continue to sell this Raschel machine manufactured pattern to Warner Brothers.

As the plaintiff argues, I believe that this is one of those few cases where there is absolutely no doubt but that the defendant caused the copyrighted works of plaintiff's to be copied. I recognize in so saying that the defendant takes a different position. I also recognize, and I further affirm, that I do not believe that Jerome Dorfman gave false evidence when he was on the witness stand. Quite the contrary, I think he spoke the truth. But in speaking the truth he did not undercut this ultimate finding of copying that I am making.

I proceed to discuss briefly the comparisons which I had made of the laces in evidence. To me these comparisons

reveal to an uninitiated eye, such as mine clearly is, that Plaintiff's 10 in evidence, which is the style number 6781 of Dorfman, which was created by the design activities of Gerstel, which I have just described, is substantially the same design as that known to us as Plaintiff's 4 in evidence, style number 6493. Moreover, I specifically find that there are even to my untutored eye substantial differences in design between Defendant's B on the one hand, and on the other, Plaintiff's 2 and 4, for example, and Plaintiff's 10, which I just indicated is actually Dorfman's style number 6781.

To put this finding in some perspective, though, I certainly would agree that there are similarities with the old lace known as Defendant's B, which I find, as defendant's witnesses testified, is an old style, going back at least as far as 1940, if not before. Still, the differences between this old lace and the laces more directly in issue in this case are marked to me.

I might make note of such things as what I call the filler or filigree background, that is, the lighter cross-hatched laced portions, the number of petals in the pansy or flower, the configuration of what might be said admittedly to be somewhat similar designs, and so on, all create distinctions which I think are immediately observable to the most uninformed observer of laces.

I further determine that but for the fact that the Dorfman Company acceded to the instructions of Capasso and had a lace made on a Raschel machine as a copy of the copyrighted design of plaintiff, plaintiff would have recognized certain profits, at least, which it did not recognize, by making more sales of its 6493 pattern to Warner Brothers Company in Connecticut. In other words, I find that plaintiff has proved by a preponderance of the evi-

dence that there was damage to it by the infringement of the copyrighted works of plaintiff.

To summarize, there can be no doubt that this court has jurisdiction of this copyright suit. I further conclude that plaintiff is the owner of two valid and existing copyrights, and that the defendant has infringed both of the copyrights heretofore described by its causing the manufacture and sale to Warner Brothers Company in Connecticut of its lace pattern, known as 6781. Therefore, I hold that plaintiff is entitled to an injunction against future infringements pursuant to Section 101 and 112, as well as to an injunction as to any infringing existing material under Subdivision (d) of Section 101, I think it is. I leave to another day and further hearing the issue of damages which plaintiff claims in this case.

I specifically find that defendant is not entitled to any judgment declaring that there is no infringement, or that either of the two copyrights in question obtained by plaintiff are invalid or void.

I specifically determine that there is no persuasive evidence, other than perhaps Defendant's Exhibit J in evidence, to the effect that plaintiff abandoned any copyright protection by making substantial distribution of its laces in question to the buying public or the public without a proper copyright notice.

I recognize the relevance of Mr. Lackenbach's argument that if you look at Defendant's J in evidence, it is perfectly true that clipped to that material is the Thomas Wilson Company letterhead office and phone number, along with certain other descriptive material. However, I would not think that the mere fact that this paper clip does not contain the statutory copyright numbers evidences that

there was any widespread distribution of the copyrighted patterns without more; that is, it is for that reason that I find for it against the defendant on this issue.

One other comment, and that is the argument of the defense that because Mr. Giebel's name, rather than the corporate plaintiff's name appears on the two copyright applications of plaintiff, there must be a finding and conclusion of substantial non-compliance with the copyright statutes. I determine this argument must fail. First of all, as Mr. Latman has argued, there is no evidence that the defendant corporation, or anybody else, was deceived, or that there was any improper purpose, such as fraud, or otherwise, on the part of plaintiff or its agents in using the name of Robert R. Giebel, rather than the corporate plaintiff name. Second of all, it seems to me that this is an appropriate case to pierce the corporate veil, as it were. It is a fair inference from what I heard during the testimony, apparently, that Mr. Giebel was the principal and was regarded as such by the people who worked in plaintiff company, and, therefore, in a sense you can say that he really was the employer as a practical, if not a legally technical, matter. Thus, to put the matter in conclusory form, I do not regard this as any significant violation of the statute which would fairly prevent or preclude tthe plaintiff from prevailing in this case, given the other findings and conclusions which I heretofore reached.

Now, gentlemen, painful as this undoubtedly has been to one side, I nevertheless ask both sides if there is any finding or conclusion that you think I may have overlooked or that you want me specifically to find on this record.

Mr. Latman?

Mr. Latman: I have none, your Honor.

The Court: Mr. Lackenbach?

Mr. Lackenbach: The only point that your Honor may possibly want to cover is the question of the non-reference in the second registration to the first. Of course, in view of your Honor's decision it does not make any difference, apparently.

The Court: Well, you can say that, yes. But I think your point is a fair one factually. I don't see any particular reference at all in the 6439, or second certificate, to the earlier, or 6471 range or style of lace. I agree with that, yes.

Mr. Lackenbach: That is the statement I wanted your Honor to make.

The Court: On the other hand, I must say to me as that traditional uninitiated observer, if you compare 2 and 4, they really do have differences, one of which is general, but quite striking to me. I am putting this in very inartistic terms. But 2 to me is a squinched version of 4. Not only that. There are, as plaintiff has pointed out, particularly in its papers and briefs here, a few minor, but, nevertheless distinguishable design differences, as I see it. I would have to be honest and say that the thing, though, that appears to me the most obvious difference is that what I call the filigree or the faint lace background between the bold design, those areas are small, and discernably so, to a casual observer, and you notice that when you compare 2 with Plaintiff's 4, or, indeed, when you compare 2 with Plaintiff's 10, the accused Dorfman design.

So because of that I am persuaded by what I understand to be one of Mr. Latman's arguments, that, really, there may have been a perfectly good reason from the plaintiff's point of view to think that it was appropriate to apply for and obtain two certificates.

Findings of Fact and Conclusions of Law

As I have already indicated in earlier colloquy, there is no evidence that plaintiff was proceeding to go for the second registration in bad faith, or for purposes of obtaining a longer copyright than it might otherwise obtain under the law. So that, I think, is worthwhile saying.

• • •

There is one thing which I neglected to say in my findings. It is not too important, except perhaps to me. You will recall that Judge Frankel wrote a fairly detailed and careful opinion in passing on the preliminary injunction motion. I do not regard what I have concluded today to be at all inconsistent with anything he said in there, because I think there were other reasons why the defendant was entitled to beat off a preliminary injunction.

There is one exception to this, however, as I read it, and it has bothered me a little, knowing as I do how able and careful Judge Frankel is, and that is this: he seems to have made a finding that there was not much difference between Plaintiff's 2 and 4 and the old laces, if I may call them that, or, to put it in somewhat inexact terms, the laces in the trade for many years prior to 1963, 1964 and 1965. If, indeed, he intended this as a specific finding, it is, of course, sharply in conflict with one of the crucial findings I made here. I can only say as to that that I am aware of that apparent dichotomy, but I must in good conscience adhere to my finding that I have made. I just thought I would highlight that for you. I read the opinion several times. I may be wrong. It may be that Judge Frankel did not intend to make a precise finding.

Let me show you specifically what I have in mind here.

Mr. Luckenbach: Page 6.

The Court: It starts at the bottom of page 5 and runs over to page 6. It is hard for me to say, because I don't

know exactly what the exhibits were before him. I know in part what they were, because I have the motion papers. But I highlight that, and if it is a dichotomy between his findings and mine, so it will have to be, because I have to call them as I see them when I examine the proof, and there we are.

Mr. Latman: Is your Honor referring to the first sentence in the first full paragraph on page 6?

The Court: I think I am.

Mr. Latman: I, of course, was not present at that, but I read that as a general statement of the judge without referring to particular evidence before him.

The Court: Well, that could be. Also, the second sentence bothers me, too. But, again, it may be a general statement. I had the same impression before I heard the proof here. I will agree all lace looks to me pretty much alike in a sense, you know. But I just want to highlight this particularly in fairness to the defense, because they could understandably say, "Well, what we have here is one federal judge saying one thing factually and another saying another thing." And I would not hold that against Mr. Lackenbach, because I paused on that a good bit during the day yesterday and today wondering exactly what it meant. But, anyhow, you know where I stand, and there we are for better or worse.

* * *

Judgment and Decree of March 9, 1970

UNITED STATES DISTRICT COURT

Southern District of New York

[SAME TITLE]

This action having come on for trial before the Honorable Harold R. Tyler, Jr., without a jury, on the 4th and 5th days of March, 1970, and the Court having had due deliberation hereon and having made findings of fact and conclusions of law herein, it is hereby

Ordered, adjudged and decreed that plaintiff is the owner of valid and subsisting copyrights in its work of art embodied in a lace design entitled Style No. 6493, as evidenced by Certificates of Registration Nos. Gp42056 and Gp45930, issued by the Register of Copyrights, and it is further

Ordered, adjudged and decreed, that defendant has infringed said copyrights by causing the manufacture of, and by vending, it lace design designated as Pattern No. 6781, which was copied from and is substantially similar to plaintiff's said lace pattern, and it is further

Ordered, adjudged and decreed, that defendant, its agents, servants, employees and attorneys, and all persons in active concert and participation with them, and each of them be and they hereby are restrained and enjoined permanently and forever from, directly or indirectly, printing, reprinting, publishing, manufacturing, vending or distributing, and from offering to or causing others to

print, reprint, public, manufacture, vend or distribute any copies of the work of art embodied in plaintiff's lace pattern, Style No. 6493, which is the subject of copyrights evidenced by Certificates of Registrations, Nos. Gp42056 and Gp45930, or either of them, and from in any other manner infringing said copyrights or causing, contributing to or participating in such infringement by others, including, but not limited to, causing the manufacture or sale of a lace pattern sometimes designated as defendant's pattern numbers 6781 and 6779, and it is further

ORDERED, ADJUDGED AND DECREED, that within three (3) days from the date of entry thereof defendant will either (a) surrender to plaintiff or its authorized representative, for the purpose of destruction, at a place within the City of New York to be designated by plaintiff, or (b) destroy, under the supervision and to the satisfaction of plaintiff or its authorized representative; all lace or other material copied from plaintiff's lace pattern identified above, including, but not limited to, defendant's lace patterns No. 6781 and No. 6779, as well as all art work, patterns, drafts, sketches or any other devices whatsoever for manufacturing, printing or reproducing said lace or other material, or any part thereof, and it is further

ORDERED, ADJUDGED AND DECREED that plaintiff may at any time after three (3) days following the entry hereof, apply for a writ of seizure and for a writ of destruction, directing the United States Marshal to seize and destroy any and all copies of said infringing lace and other material, including devices for reproducing the same or any part thereof, which may still be in the possession or under the control of the defendant in the manner provided by Section 101 of the United States Copyright Law, Title

Judgment and Decree of March 9, 1970

17, U. S. C. and the Rules of the Supreme Court of the United States for Practice and Procedure thereunder, and it is further

ORDERED, ADJUDGED AND DECREED, that plaintiff is entitled to recover damages from defendant under 17 U. S. C. §101, as well as an award of a reasonable attorney's fee under 17 U. S. C., §116, and that a further hearing be held by the Court to determine said amounts, and it is further

ORDERED, ADJUDGED AND DECREED, that defendant's counterclaims and each of them be dismissed in their entirety.

Dated: New York, New York
March 9, 1970

H. R. TYLER, JR.
U. S. D. J.

Judgment of March 24, 1970

UNITED STATES DISTRICT COURT

SOUTHERN DISTRICT OF NEW YORK

[SAME TITLE]

This action having come on for trial before the Honorable Harold R. Tyler, Jr. without a jury, and the Court having made findings of fact and conclusions of law, and having, on the 9th day of March, 1970, signed a judgment, order and decree providing, *inter alia*, that plaintiff is entitled to recover damages from defendant under 17 U. S. C. §101, and that a further hearing be held by the Court to determine said amount, and

A further hearing without a jury having been held by the Court on the 19th day of March, 1970, and the Court having had due deliberation thereon and having determined the amount of damages plaintiff is entitled to recover from defendant, and having determined that plaintiff is not entitled to an award of a reasonable attorney's fee under 17 U. S. C. §116, it is hereby

ORDERED, ADJUDGED AND DECREED that plaintiff Thomas Wilson & Company, Inc. have judgment and recover against defendant Irving J. Dorfman Company, Inc. in the amount of Eighty Four Thousand Two Hundred Eleven and 54/100 ($84,211.54) Dollars, together with the cost (including attorneys fees) and disbursements of this action, to be taxed by the Clerk.

Dated: New York, New York
March 23, 1970.

H. R. TYLER, JR.
U. S. D. J.

Judgment entered 3/24/70
JOHN LIVINGSTON
Clerk

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Supreme Court of the United States

OCTOBER TERM, 1970

No. 1222

IRVING J. DORFMAN COMPANY, INC.,

Petitioner,

—against—

THOMAS WILSON & COMPANY, INC.,

Respondent.

BRIEF IN OPPOSITION TO PETITION FOR WRIT OF CERTIORARI

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Supreme Court of the United States

OCTOBER TERM, 1970

No. 1282

IRVING J. DORFMAN COMPANY, INC.,

Petitioner,

—against—

THOMAS WILSON & COMPANY, INC.,

Respondent.

BRIEF IN OPPOSITION TO PETITION FOR WRIT OF CERTIORARI

Respondent submits this brief in opposition to the Petition for a Writ of Certiorari to the United States Court of Appeals for the Second Circuit.

Opinions Below

The opinion of the United States District Court for the Southern District of New York (Harold R. Tyler, Jr., J.) on the issue of liability was embodied in Findings of Fact and Conclusions of Law not officially or unofficially reported. These Findings and Conclusions are reproduced at pages A13 through A22 of the Petition.* Neither was the District Court's ruling on monetary relief (R. 273-276)

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* References to numbers preceded by "A" are to the Appendix to the Petition. Numbers preceded by "R" refer to pages in the Stenographer's Minutes of the Record. Numbers followed by "a" refer to pages of the Appendix in the Court of Appeals.